January 24, 1996

The Honorable Steve Gaw
Speaker
Missouri House of Representatives
House Post Office
State Capitol
Jefferson City, MO 65101

The Honorable James Mathewson
President Pro Tem
Missouri Senate
Senate Post Office
State Capitol
Jefferson City, MO 65101

Re: SCR #17

Dear Representative Gaw and Senator Mathewson:

Pursuant to SCR #17, your joint committee appointed to study the transfer of the Missouri Rehabilitation Center at Mt. Vernon, Missouri, from the Department of Health to the University of Missouri does hereby submit the attached report.

During the First Regular Session of 88th General Assembly, legislation was introduced proposing the transfer of the Missouri Rehabilitation Center located at Mt. Vernon, Missouri, from the Department of Health to the University of Missouri. On April 25, 1995, the House of Representatives adopted SCR #17 which established an interim committee to study the transfer. Your interim committee was appointed shortly after the session concluded. On September 21, 1995, the Board of Curators of the University of Missouri adopted a resolution approving the transfer. That resolution is enclosed and identified as Attachment 1. The committee held a public hearing in Mt. Vernon on November 6, 1995.

On January 17, 1996, Governor Carnahan, in his address to the General Assembly, expressed continued support for the transfer and made certain budget recommendations which, if approved by the General Assembly, would meet the requirements of the University of Missouri as set forth in Attachment 1.

In summary, your committee appointed to study this matter has concluded that it is in the best interests of the State of Missouri for the transfer to proceed. The legislation to accomplish this purpose has been introduced by Senator Morris Westfall as SB 540. The University of Missouri has agreed to operate the Missouri Rehabilitation Center at Mt. Vernon as a part of the University Hospitals and Clinics. It is proposed that the transfer would be accomplished in the same manner that Ellis Fischel State Cancer Center was transferred to the University from the Department of Health in 1990. The State would continue to invest the same amount of general revenue that it has in the past for the operation of MRC. Failure to approve the transfer will mean the State will need to increase general revenue support for MRC because other sources of revenue are expected to decline unless the Center can compete in a managed care environment.

The transfer would mean that the important state health mandates of continued operation of a head injury center and a tuberculosis laboratory will continue. All other options considered would have meant a greater expenditure of state general revenue to maintain these services. Further, the transfer will have a positive impact on the University of Missouri Hospitals and Clinics as they do not have a long-term rehabilitation facility to support training at the University of Missouri-Columbia School of Medicine.

If the Missouri Rehabilitation Center is not transferred to the University of Missouri or is closed, the State will need to dramatically increase the amount of state general revenue that is used to support the services provided by the Center. Additional funds that are now received to meet costs above the current appropriation are derived principally from federal Medicare and Medicaid sources and will be in jeopardy with upcoming changes in both of these programs. The University of Missouri Hospitals and Clinics feels certain that they can increase revenues from traditional health insurance opportunities and in the area of insurance managed care.

You will also find enclosed Attachment 2 entitled "Proposal to Merge the Missouri Rehabilitation Center with the University of Missouri Hospital and Clinics" where the transfer and its program offerings are more fully discussed.

Senator Joe Moseley

Senator Morris Westfall

Representative Richard Franklin

Representative William Marshall

Attachments

ATTACHMENT 1

Recommended Action - Transfer of the Missouri Rehabilitation Center in Mount Vernon, Missouri - UM

It was recommended by Chancellor Kiesler and Vice President McGill, endorsed by President Russell, moved by Curator Hall, seconded by Curator Gillespie and carried, that the following action be approved:

a. that President Russell be authorized to advise the Governor and General Assembly of the willingness of the University of Missouri to accept the transfer of the Missouri Rehabilitation Center (MRC) in Mount Vernon, Missouri, subject to the following conditions:

   i. sufficient annual general revenue appropriations be made to the University over and above earned patient revenues at MRC to support the operation of MRC without there being a need to transfer funds from other University operations;

   ii. sufficient one-time capital appropriations be made to the University to update the MRC facilities to University standards;

   iii. sufficient one-time appropriations be made to the University to cover all accrued personnel benefit liabilities;

   iv. appropriations be made to install and operate a two-way telemedicine link between MRC and the Columbia Health Sciences Center;

   v. the University retain the ability to adjust the patient care programs at MRC to best meet the State's responsibilities within the capabilities of the University to provide those services and to enhance the facility's role in the education and research missions of the University;

   vi. the University has the authority to adjust MRC staffing levels and operations.

b. that if the Governor and General Assembly wish to have MRC transferred to the University, President Russell be authorized to seek the necessary appropriations, agreements as to patient care reimbursements, and enabling legislation.

PROPOSAL TO MERGE MISSOURI REHABILITATION CENTER WITH UNIVERSITY OF MISSOURI HOSPITAL AND CLINICS

OVERVIEW

Missouri Rehabilitation Center (MRC), located in Lawrence County in Southwest Missouri, is currently operated by the Missouri Department of Health as a provider of tuberculosis services, traumatic brain injury care/rehabilitation, pulmonary rehabilitation, comprehensive rehabilitation, medical acute care and terminal care. The facility is mandated by state statute to provide the tuberculosis services and traumatic brain injury services. It is primarily because of the provision of the programs mandated by statute that the Department of Health (DOH) has felt compelled to continue to operate the facility. DOH actually sees its role as evolving into one of assuring provision of services to Missouri citizens, assessing quality of service, and assessing outcomes rather than direct provision of care.

By merging Missouri Rehabilitation Center with the University of Missouri Hospitals and Clinics the citizens of this state are benefitted in that Department of Health can focus on activities related to quality of care while University of Missouri Hospitals and Clinics (UHC) can use its experience and abilities that add to its attractiveness as a full line provider of health care services. State government benefits in that there would be more effective economies of scale for the provision of the statutorily mandated services.

Another way in which it is anticipated that the state potentially benefits is that, with increased penetration of managed care programs in the group health insurance market, there will be an increased number of individuals with disabilities who are dependent on the public sector for their care due to either a limitation or the scope or type of services offered by such organizations in an effort to control their cost. Although state government will attempt to limit such "dumping", it is likely that the incentives to the managed care organization to limit its exposure in an area that can be critically expensive will override the government's ability to provide safeguards. The choices are for the state either to attempt to control the managed care organizations by mandating benefits or to assist in the development of a cost efficient system which would serve as a resource for all citizens in the state, including those enrolled in managed care plans. If the system is built on cost effective principles which spread and control the risk, such as capitation, case management, economies of scale, and evaluation of efficacy of treatment, it is possible that such an operation could, in fact, save money in the end.

Education of the next generation of Missouri's health providers in the area of chronic care becomes more important as society attempts to grapple with the issues of care that arise as a result of people living longer and in a more violent society. Currently, the University of Missouri-Columbia provides the largest percentage of primary care physicians in the State. By associating a chronic care program with University, opportunity for this critical piece of learning is assured.

Maintenance of critical jobs in Lawrence County is an important consideration as well. MRC is the largest employer within the county, with some 470 individuals employed by the facility. Since the southwestern part of the state is the fastest growing area of the state, the merger of MRC and UHC would virtually guarantee that the majority of jobs associated with institution would be preserved.

MISSOURI REHABILITATION CENTER PROPERTY

Missouri Rehabilitation Facility consists of a main campus and two farms. There are six interconnected buildings on the main campus which is located in Mt. Vernon on approximately 182.5 acres. The buildings range from 86 to 26 years and contain approximately 280,000 square feet.

One farm is located two miles north of Mt. Vernon and contains 145 acres with a stone house, garage, and barn. The second farm is one mile west of Mt. Vernon and has a house and garage.

SERVICES OFFERED BY MRC

TUBERCULOSIS

The Missouri Rehabilitation Center houses the TB Laboratory for the State of Missouri. In addition to serving as a state TB Laboratory, it has become a national resource for the diagnosis of TB.

The lab is staffed with well-trained mycobacteriologists who have many years of accumulated expertise and experience. The field of Mycobacteriology (TB work) is so specialized that general lab techs, even microbiologists, cannot transfer into TB work and expect to successfully carry out the operations.

The staff has 127 cumulative years in TB work, plus extensive skills in instrumental chemistry, computer programming and system maintenance, management, public health microbiology, and customer service. Given the crisis being experienced in tuberculosis control at the present, it would be a miscarriage of public health practice to dissolve the present TB laboratory and attempt to reconstruct it elsewhere.

Although it is possible to contract out the tuberculosis services, other states that have closed their labs have experienced dismal results. The states lost all control over patient/specimen tracking and epidemiological data. There were also serious issues of quality of work, since commercial labs could not guarantee that microbiologists with experience and specific training in tuberculosis actually did the work. Pennsylvania tried contracting in the early 1980s, a trial which lasted one year with absolute failure. They experienced serious problems then trying to re-open their state lab after closing and losing their personnel.

Information handling and data storage potentially present major problems to the TB control program under a commercial lab scenario. Commercial laboratories normally do not maintain patient records very long and they usually do not maintain them in a usable database. An advantage of our state system is that we maintain records and can track specimen and patients for years (decades if necessary). Our data is easily retrievable.

CLINICAL PROGRAMS

Currently the Missouri Rehabilitation Center provides patient care programs in the area of traumatic brain injury, comprehensive rehabilitation, pulmonary/ventilator rehabilitation, tuberculosis treatment, terminal care, acute care and outpatient services. Generally these programs are what would be terms sub-acute. Such programs provide care for the patient who is too ill to go home but progressing too slowly to be maintained in an acute care hospital or whose rehabilitation needs are too extensive to handle as an outpatient.

Sub-acute care programs are designed to provide coordinated, comprehensive services that increase the functional abilities of the recipients. Sub-acute programs improve the functioning of the recipients, using lower cost services. Programs that go beyond the nursing and physical therapy services offered by long term care facilities known as skilled nursing facilities, such as the rehabilitation programs offered by MRC, provide the best hope of finding a level of functioning for victims of catastrophic trauma that minimizes the drain on society and in the long run decreases public expense in caring for them.

The Respiratory/Pulmonary Program at MRC is currently based upon the team approach in which the therapies that are involved in the physical medicine and Rehabilitation program also participate in the total care of the pulmonary patient. This approach enhances the rate of successful outcomes in one of the major functions of this clinical service: the weaning of individuals from ventilators. Occupational Therapy, Physical Therapy, Psychology and Speech Pathology collaborate with the physicians in the development of a clinic plan of care. In addition, aggressive Respiratory Therapy Department coordinates the various elements of that program and also supervises a very successful outpatient Cardiopulmonary Rehabilitation Program.

The Traumatic Head Injury/Physical Rehabilitation Program at MRC is currently based upon an intensive multi-disciplinary team approach. It is an extension of the acute hospital and acute rehabilitation phase of treatment. It provides a continuum of care of maximize independence and functionality and addresses the community integration needs of the individual. A variety of services are currently offered. These include physical medicine and rehabilitation, neuro-rehabilitation, neuropsychology, behavioral dysfunction, occupational therapy, physical therapy, speech and language therapy, recreational therapy, education and substance abuse counseling. Vocational rehabilitation which includes assistive technology evaluations and augmentative communication assistance is a service to both the inpatient and outpatient populations.

MISSION OF FACILITY FOLLOWING MERGER

The mission of the facility following the merger would read as follows:

The Missouri Rehabilitation Center is a public institution sponsored by the University of Missouri Health Sciences Center. We are committed to providing compassionate rehabilitation services, treatment for pulmonary conditions and related research and education for the citizens of Missouri.

As a public health facility, we respect and value the dignity of each person, regardless of sex, race, age or physical handicap. Through the provision of direct patient care, we seek to relieve suffering, address its causes and promote good health and well being.

Our commitment to care extends to employees, volunteers and medical staff as well as patients. Therefore, all groups shall be provided with a climate and opportunity for service to the institution. Through cooperative efforts, MRC provides quality, compassionate healthcare services in a pleasant work environment.

MRC recognizes the historical role that it has played in the development of the State of Missouri. In order that we may continue to meet state needs, we reach out to communities and facilities and offer our assistance. As a University health institution, we strive to provide sophisticated technologies to the citizens of Missouri. We stand ready to serve others as their needs dictate and our capabilities allow.

MARKET DEMAND FOR MRC SERVICES

In an attempt to gauge possible future demand for services at the Missouri Rehabilitation Center, incident rates for the major diagnostic conditions were examined. The incident of tuberculosis in Missouri during calendar year 1993 was 4.9 cases per 100,000 population. The greatest proportion of these patients reside in rural areas, where follow-up on treatment compliance is often most difficult. Missouri data on the incidence of ventilator dependency using ICD9 codes suggests the incident rate is 8.26 per 100,000 population, or 426 cases for calendar year 1993. Department of Health data on the incidence of health injury in Missouri in 1992 indicates an incidence of 102 cases per 100,000 population. This translates into an occurrence rate of approximately 5,000 patients per year, of which approximately 4,300 were hospitalized. Spinal cord injury average 63 cases per million. The admission rate was 51 per million, or 265 admissions. Death from spinal cord injury occurred at the rate of 16 per million.

REQUIRED IMPROVEMENTS

In order to make the Missouri Rehabilitation Center a competitive health facility refurbishing will be necessary. Two types of improvement are needed: Cosmetic changes to make the facility appear more contemporary; and more substantial capital improvement in order to realize accessibility and modernize the buildings.

Cosmetic improvements will be required. This amount will cover the cost of new wall coverings, pictures and painting throughout the patient care units and lobby areas. Interior and exterior signage is also included in this amount.

Other more sizable capital improvement projects include: remodeling of the new dormitory for handicap accessibility, air conditioning, sprinkler/fire alarms, new windows, waterproofing and upgraded electrical services.

With these improvements, MRC will be a comprehensive, modern rehabilitation facility capable of providing coordinated rehabilitation services in a pleasant and functional environment.

MRC EMPLOYEES

MRC is fortunate to have a highly skilled, highly trained, and highly caring staff of health care workers that have continued to provide high quality health care to our patients over the years. They are more than willing to meet the day-to-day challenges involved in the special needs of MRC's patients. While their expertise has been and is valuable to the institution, their ability to find other employment in the health care field in this geographic area is severely handicapped because of the downsizing and restructuring that is taking place in health care facilities in the immediate demographic area, which includes both Springfield and Joplin.

As Mt. Vernon's and Lawrence County's largest employer, MRC has a significant impact on the local economy with an annual payroll of over $10.5 million, excluding fringe benefits, that represents $63 million dollars of revenue if you assume that one dollar turns over six times (seven times by some estimates) before it leaves the community. If MRC were to close, local businesses as well as the school systems would feel a significant economic impact, since approximately 75% of the employees live in Mt. Vernon or Lawrence County.

FINANCES

The University of Missouri has agreed to assume ownership of MRC at the current level of general revenue funding. The fiscal year of 1996 general revenue appropriations for MRC was $9.3 million It is anticipated that this amount will increase consistent with the state pay plan for fiscal year 1997.

ONE-TIME COSTS FOR TRANSFER OF MRC

Deferred Maintenance	2,509,522
Telecommunication Linkage	800,000
Sub-total Physical Adaptations	3,309,522
Accrued Vacation/Comp/Holidays	669,812
MOSERS Retirement	188,772
Sub-total Employee Benefits	858,584
Total One-Time	4,168,106
Less Earnings Fund Balance	-1,072,866
One-time net of Balance	3,095,240
Recommended appropriation to account for variances in final employee benefit costs and earnings fund balance.	3,350,000

SUMMARY

It is estimated that it would take two years to modify existing programs and refocus Missouri Rehabilitation Center into an appropriate market niche. By introducing the University's educational programs to MRC, an opportunity for additional revenue through direct and indirect Medicare Education Cost Provisions is provided. During these first two years some programs would be discontinued and phased out while others would be further developed and enhanced to create Centers of Excellence. Potentially a program could be developed which could be marketed throughout Missouri to managed care systems as a stop loss provision for catastrophic illness and injury occurring to their insureds.